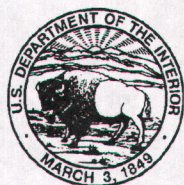


MO470064  
cc: April



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101-1345

<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO:  
3511 / (UT-9223)  
UTU-72699

MAR 25 2016

RECEIVED

MAR 28 2016

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL – 91 7199 9991 7035 9043 6791  
Return Receipt Requested

### NOTICE

Lessee:

Lexco Holding LLC  
c/o American Gilsonite Company  
29950 South Bonanza Highway  
Bonanza, Utah 84008

:  
:  
:  
:  
:

Gilsonite Lease  
UTU-72699

### Notice of Readjusted Lease

On March 21, 1996, federal gilsonite lease UTU-72699 was issued to Lexco, Inc., effective April 1, 1996. This lease was transferred to Lexco Holding, Inc. on July, 7, 2009. The assets of Lexco Holding Company were sold to American Gilsonite Company in November 2009 with Lexco Holding Company remaining the lessee of this lease. The terms and conditions of this lease becomes subject to readjustment on April 1, 2016. By notice dated May 1, 2014, Lexco Holding, LLC., was notified that the terms and conditions of the readjustment of gilsonite lease UTU-72699 would be provided in accordance with the regulations under 43 CFR 3511.25, no later than April 1, 2016. Therefore, as provided in your gilsonite leases and the regulations at 43 CFR 3511.25, enclosed are the terms and conditions of your readjusted Federal gilsonite lease UTU-72699. The readjusted lease will become effective April 1, 2016, unless objections are received. The next 20-year readjustment will be April 1, 2036.

Currently you have a \$130,000 personal gilsonite lease bond. It has been determined that the current bonding amount is sufficient.

Under the readjusted terms of the lease, the annual rental and minimum royalty payments are due in advance each year before the anniversary of the effective date of each lease. The rental rate remains at a rate of \$0.50 per acre or fraction thereof per year and the annual minimum royalty in lieu of production is set at a rate of \$3.00 per acre or fraction thereof per year. As provided at 43 CFR 3504.25, the rental paid for any lease year shall be credited against the minimum royalty and production royalties for that year only. Therefore, the annual rental/minimum royalty payments due for the above listed lease are as follows:

Lease  
UTU-72699

Rental  
\$ 239

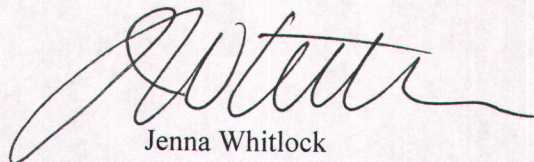
Minimum Royalty  
\$ 1,434



Production royalty on the lease will be as stated in the gilsonite lease stipulations for the lease.

In accordance with 43 CFR 3511.26(a), you have 60 days after receiving the proposed readjustment terms to object. If we do not receive objection within 60 days, the proposed readjusted terms will be in effect. If you file an objection, the Bureau of Land Management will issue a decision in response. If you disagree with that decision, you may appeal to the Interior Board of Land Appeals.

If you have any questions, please contact Bill Buge of this office at (801) 539-4086.

  
Jenna Whitlock  
Acting State Director

Enclosures:

1. Readjusted Lease UTU-72699 (15 pp.)

cc: Vernal Field Office (UTG01)

Resource Development Coordinating Committee, ATTN: Mineral Leasing Taskforce,  
116 State Capital Building, Salt Lake City, Utah 84114 (w/encl.)

Mr. John Baza, Director, Utah Division of Oil, Gas and Mining (UDOGM), Box 145801, Salt  
Lake City, Utah 84114-5801 (w/encl.)

Office of Natural Resources Revenue (ONRR), MRM, Solid Minerals Staff, Attn: LeeAnn  
Martin, MS632308, Box 25165, Denver, Colorado 80225-0165



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0121  
Expires: March 31, 2016

Readjusted Gilsonite **LEASE**

Serial Number

UTU-72699

PART I. LEASE RIGHTS GRANTED.

This ☒ Lease ☐ Lease Renewal entered into by and between the UNITED STATES OF AMERICA, through the Bureau of Land Management (BLM), hereinafter called lessor and (*Name and Address*)

Lexco Holding, LLC., c/o American Gilsonite Company  
29950 South Bonanza Highway, Bonanza, Utah 84008

Hereinafter called lessee, is effective (*date*) April 1, 1996; readjust eff. 4/1/16 for a period of 20 Years years,

*Sodium, Sulphur, Hardrock –*

- ☐ with preferential right in the lessee to renew for successive periods of \_\_\_\_\_ years under such terms and conditions as may be prescribed by the Secretary of the Interior, unless otherwise provided by law at the expiration of any period.

*Potassium, Phosphate, Gilsonite –*

- ☒ and for so long thereafter as lessee complies with the terms and conditions of this lease which are subject to readjustment at the end of each \_\_\_\_\_ year period, unless otherwise provided by law,

Sec. 1. This lease is issued pursuant and subject to the terms and provisions of the:

- ☒ Mineral Leasing Act of 1920, as amended, and supplemented, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;  
☐ Mineral Leasing Act of Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;  
☐ Reorganization Plan No. 3 of 1946, 60 Stat. 1099 and 43 U.S.C. 1201;  
☐ (*Other*) \_\_\_\_\_

\_\_\_\_\_ ; and  
to the regulations and general mining orders of the Secretary of the Interior in force on the date this lease is issued. ~~XXXXXXXXXXXXXXXXXXXX~~ now or hereafter in force, when not inconsistent with the express and specific provisions herein.

Sec. 2. Lessor, in consideration of any bonuses, rents, and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants and leases to lessee the exclusive right and privilege to explore for, drill for, mine, extract, remove, beneficiate, concentrate, or otherwise process and dispose of the gilsonite deposits \_\_\_\_\_ hereinafter referred to as "leased deposits," in, upon, or under the following described lands:

T. 10 S., R. 21 E., SLM, Utah  
Sec. 34, SW1/4NE1/4, NW1/4NW1/4, S1/2NW1/4, N1/2SE1/4;  
Sec. 35, N1/2SW1/4, SE1/4SW1/4, S1/2SE1/4;  
T. 11 S., R. 21 E., SLM, Utah  
Sec. 1, NE1/4NE1/4.

containing 477.49 acres, more or less, together with the right to construct such works, buildings, plants, structures, equipment and appliances and the right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

*Phosphate –*

- ☐ In accordance with section 11 of the Act (30 U.S.C. 213), lessee may use deposits of silica, limestone, or other rock in the processing of refining of the phosphates, phosphate rock, and associated or related minerals mined from the leased lands or other lands upon payments of royalty as set forth on the attachment to this lease. (*Phosphate leases only.*)

(Continued on page 2)



## PART II. TERMS AND CONDITIONS

Sec. 1. (a) **RENTAL RATE** – Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate indicated below:

*Sulphur, Gilsonite –*

☒ 50 cents for the first lease year and each succeeding lease year;

*Hardrock –*

☐ \$1 for the first lease year and \$1 for each succeeding lease year;

*Phosphate –*

☐ 25 cents for the first lease year, 50 cents for the second and third lease years, and \$1 for each and every lease year thereafter;

*Potassium Sodium –*

☐ 25 cents for the first calendar year or fraction thereof, 50 cents for the second, third, fourth, and fifth calendar years respectively, and \$1 for the sixth and each succeeding calendar year; or

*Sodium, Sulphur, Asphalt, and Hardrock Renewal Leases–*

☐ \$ \_\_\_\_\_ for each lease year;

(b) **RENTAL CREDITS** – The rental for any year will be credited against the first royalties as they accrue under the lease during the year for which rental was paid.

Sec. 2. (a) **PRODUCTION ROYALTIES** – Lessee must pay lessor a production royalty in accordance with the attached schedule. Such production royalty is due the last day of the month next following the month in which the minerals are sold or removed from the leased lands.

\* See attached Section 2 (a)

(b) **MINIMUM ANNUAL PRODUCTION AND MINIMUM ROYALTY** – (1) Lessee must produce on an annual basis a minimum amount of \_\_\_\_\_, except when production is interrupted by strikes, the elements, or casualties not attributable to the lessee. Lessor may permit suspension of operations under the lease when marketing conditions are such that the lease cannot be operated except at a loss. (2) At the request of the lessee, made prior to initiation of the lease year, the BLM may allow in writing the payment of a \$3.00 per acre or fraction thereof minimum royalty in lieu of production for any particular lease year. Minimum royalty payments must be credited to production royalties for that year.

\* See attached Section 2 (b)

Sec. 3. **REDUCTION AND SUSPENSION** – In accordance with Section 39 of the Mineral Leasing Act, 30 U.S.C. 209, the lessor reserves the authority to waive, suspend or reduce rental or minimum royalty, or to reduce royalty and reserves the authority to assent to or order the suspension of this lease.

Sec. 4. **BONDS** – Lessee must maintain in the proper office a lease bond in the amount of \$ 130,000, or in lieu thereof, an acceptable statewide or nationwide bond. The BLM may require an increase in this amount when additional coverage is determined appropriate.

Sec. 5. **DOCUMENTS, EVIDENCE AND INSPECTION** – At such times and in such form as lessor may prescribe, lessee must furnish

detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee must keep open at all reasonable times for the inspection of any duly prescribed employee of lessor, the leased premises and all surface and underground improvements, work, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee must either submit or provide lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section must be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

### Sec. 6. DAMAGES TO PROPERTY AND CONDUCT OF

**OPERATIONS** – Lessee must exercise reasonable diligence, skill, and care in the operation of the property, and carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health or property and of waste or damage to any water or mineral deposits.

Lessee must not conduct exploration or operations, other than causal use, prior to receipt of necessary permits or approval of plans of operations by lessor.

Lessee must carry on all operations in accordance with approved methods and practices as provided in the operating regulations, and the approved mining plans in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, minerals, and other resources, and to other land uses or users. Lessee must take measures deemed necessary by lessor to accomplish the intent of this lease term. Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures.

Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits not covered hereunder or the approval of easements or rights-of-way. Lessor will condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

Sec. 7. **PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY** – Lessee must: pay when due all taxes and legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public. No person under the age of 16 years must be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more reactive than the provisions in this paragraph, then the State laws apply.



Lessee must comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor. Neither lessee or lessee's subcontractors must maintain segregated facilities.

Sec. 8. (a) TRANSFERS – This lease may be transferred in whole or in part to any person, association or corporation qualified to hold such lease interest.

(b) RELINQUISHMENT - The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee must be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

Sec. 9. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC. – At such time as all or portions of this lease are returned to lessor, lessee must deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all wells in condition for suspension or abandonment. Within 180 days thereof, lessee must remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by BLM. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands beyond 180 days, or approved extension thereof, will become the property of the lessor, but lessee must either remove any or all such property or must continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor will waive the requirement for removal, provided the third parties do not object to such waiver. Lessee must, prior to the termination of bond

liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities on the leased lands, and reclaim access roads or trails.

Sec. 10. PROCEEDINGS IN CASE OF DEFAULT – If lessee fails to comply with applicable laws, now existing regulations, or the terms, conditions and stipulations of this lease, and noncompliance continues for 30 days after written notice thereof, this lease will be subject to cancellation by the lessor only by judicial proceedings. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver will not prevent later cancellation for the same default occurring at any other time.

Sec. 11. HEIRS AND SUCCESSORS-IN-INTEREST – Each obligation of this lease must extend to and be binding upon, and every benefit hereof must inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 12. INDEMNIFICATION – Lessee must indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

Sec. 13. SPECIAL STATUTES – This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151-1175), the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation.

#### Sec. 14. SPECIAL STIPULATIONS -

See attached Special Stipulations



## NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished with the following information required by this application.

**AUTHORITY:** 30 U.S.C. 181 et seq., 43 U.S.C. 3500

**PRINCIPAL PURPOSE:** The BLM will use the information you provide to verify your compliance with lease terms.

**ROUTINE USES:** The BLM will disclose information to: (1) appropriate Federal, State, local or foreign agencies when relevant to civil, criminal, or regulatory investigations or prosecutions; (2) appropriate Federal agencies when their concurrence is required before BLM grants a right in public lands or resources; (3) a member of the public in response to a specific request for pertinent information; (4) a congressional office in response to an inquiry made at the request of an individual; and (5) to a consumer reporting agency to expedite collecting debts owed the government.

**EFFECT OF NOT PROVIDING INFORMATION:** Filing of the information is required to obtain and keep a benefit. If you do not provide the information, BLM may seek to cancel your lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to comply with the regulations at 43 CFR 3500, which implement the provisions of the Mineral Leasing Act of 1920, as amended; the Mineral Leasing Act for Acquired Land of 1947; and section 402 of Reorganization Plan No. 3 of 1946.

The BLM uses the information to verify that you are complying with lease terms.

Response to this request is required to obtain and keep a benefit.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

**BURDEN HOURS STATEMENT:** Public reporting burden for this form is estimated to average 300 hours per response, including the time for reviewing instructions, gathering, and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0121), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.



## ROYALTY TERMS AND CONDITIONS

Gilsonite Lease

Serial Number UTU-72699

Sec. 2(a)

**PRODUCTION ROYALTY:** The Lessee shall pay the lessor production royalties of the gross value of the Gilsonite at the point of shipment to market. The royalty rate shall be: 12% maximum.

For purposes of this lease, the point of shipment to market is defined as the mine loadout, loading dock or similar facility at the processing plant. The gross value of the Gilsonite at the point of shipment to market shall be defined as the gross value of a processed product for sale in an established market.

No deductions other than those specifically enumerated below are allowable for costs incurred to process production to a marketable condition. However, under no circumstances will the accepted value for royalty purposes, minus deductions, result in the value less than the monthly average value of the free on board (f.o.b.) bulk sales price.

For royalty purposes, the gross value of bagged sales shall not be less than the weighted average value of bulk sales of similar quality production from the lease occurring within the month. The value of bulk sales must equal or exceed 20 percent of the total monthly sales from the point of shipment to market. If the bulk sales value does not exceed 20 percent of the total sales for the month from the lease, then comparable sales for similar products in the area will be used to determine the bulk sales price pursuant to Federal Regulations.

### **Deductible Items are as follows:**

**Freight and Handling:** Only when entirely included in the sales price, the lessee's actual reasonable costs of freight and handling from the point of shipment to market, where the sales point is remote from the processing plant, are deductible.

**Bagging and Tagging:** The lessee's actual reasonable costs of bagging and tagging shall be deductible when the royalty value is based on the gross value of bagged sales, providing, the sales price of the product sold in bags has been increased over the bulk product price to cover the cost of bagging. Bagging shall be deemed to include sacks, drums, pelletizing, and other similar container-form shipments.

**Additives:** The lessee is required to place Gilsonite in a marketable condition at no cost to the lessor. Processing necessary to place Gilsonite in marketable condition includes, but is not limited to, mechanical processing such as crushing/grinding, screening, blending; and treatment with antifreeze and/or flow-aid additives. If, in the judgment of the Authorized Officer, additional preparation or treatment beyond that necessary to meet marketable condition requirements enhances the quality of Gilsonite, the actual reasonable costs of non-Gilsonite additives shall be deducted from the gross value for royalty purposes. The Authorized Officer will allow such deductions only when the lessee provides an accurate account of costs incurred.



MINIMUM PRODUCTION AND MINIMU ROYALTY

Gilsonite Lease

Serial Number UTU-72699

Sec. 2(b)

**MINIMUM PRODUCTION AND MINIMUM ROYALTY:**

- A. **Minimum Production:** the Lessee must produce and continue to produce Gilsonite annually in paying quantities. This provision can be waived in lieu of paying minimum royalty.
- B. **Minimum Royalty:** The Lessee is required to pay and advance minimum royalty of \$3.00 per acre after the sixth lease year on the lease. This advance minimum royalty will be paid prior to the lease anniversary date. Minimum royalties will be applied as per 43 CFR 3504.25(b) and applied to the lease year only.



## **NOTICES AND STIPULATIONS**

Gilsonite Lease

Serial Number: UTU-72699

### **NOTICES:**

**DURATION OF THE LEASE:** In accordance with 43 CFR 3511.15, the lease shall be issued for 20 years and for so long thereafter as "Gilsonite" is produced in paying quantities subject to readjustment at the end of each 20-year period. "Produced in paying quantities" is defined as the quantity produced to meet the minimum production and minimum royalty requirement of sec. 2(b) of the lease and 43 CFR 3504.25(a).

**Inspection and Enforcement:** Operations are subject to inspection and enforcement actions under 43 CFR 3598. BLM personnel will monitor mining operations through quarterly inspections. All activities must be authorized prior to conducting operations in accordance with 43 CFR 3592.1(a). Unauthorized activities or changes may result in a notice of non-compliance and may cause the mining plan to be revised or modified.

**MULTIPLE MINERAL DEVELOPMENT:** Oil and gas leases UTU-02277B and UTU-88576 encompass T10S, R21E, Sec's. 34 and 35 respectively and thereby overlaps the lease area. A dry hole marker may be encountered in SWNW of Sec. 34 on a hole that was drilled under this lease. You will be advised if any operations are proposed on the oil and gas lease during the term of the lease. The oil and gas lessee will have rights of ingress, egress and priority placement of equipment and facilities if an approved ADP is in place prior to an approved mine plan.

**VISUAL RESOURCES:** Although not mandatory, when choosing to paint surfaces and elevated facilities (structures associated with mining) it is recommended that a "Carlsbad Canyon" color (2.5Y 6/2 - Munsell soil Color Chart enclosed) be used.

**GOLDEN EAGLE HABITAT:** The lessee/operator is given notice that lands in this lease have been identified as containing Golden Eagle Habitat. Modifications to the Surface Use Plan of Operations may be required in order to protect the Golden Eagle and/or habitat from surface disturbing activities in accordance with the, Endangered Species Act.

**UTAH SENSITIVE SPECIES:** The lessee/operator is given notice that no surface use or otherwise disruptive activity would be allowed that would result in direct disturbance to populations or individual special status plant and animal species, including those listed on the BLM sensitive species list and the Utah sensitive species list. The lessee/operator is also given notice that lands in this parcel have been identified as containing potential habitat for species on the Utah Sensitive Species List. Modifications to the Surface Use Plan of Operations may be required in order to protect these resources from surface disturbing activities in accordance with the , Endangered Species Act, Migratory Bird Treaty Act and 43 CFR 3590.2(e)



**NOTIFICATION & CONSULTATION REGARDING CULTURAL RESOURCES:** The lease area may now or hereafter be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), the Archaeological Resources Protections Act (ARPA), the Native American Graves Protection and Repatriation Act (NAGPRA), the American Indian Religious Freedom Act (AIRFA), other statutes and Executive Order 13007, and which may be of concern to Native American tribes, interested parties, and the State Historic Preservation Officer (SHPO). BLM will not approve any ground disturbing activities as part of future lease operations until it completes applicable requirements of the National Historic Preservation Act (NHPA), including the completion of any required procedure for notification and consultation with appropriate tribe(s) and/or the SHPO. BLM may require modifications to exploration and development proposals to further its conservation and management objectives on BLM-approved activities that are determined to affect or impact historic or cultural properties and/or resources.

**SITE RIGHT OF WAY (ROW):** The lessee/operator is given notice that lands in this lease have an existing site ROW present. Modifications to the Surface Use Plan of Operations may be required or other appropriate mitigation as deemed necessary by the BLM Authorized Officer in order to protect the valid existing rights.

**AIR QUALITY ANALYSIS:** The lessee/operator is given notice that prior to project-specific approval, additional air quality analyses may be required to comply with the National Environmental Policy Act, Federal Land Policy Management Act, and/or other applicable laws and regulations. Analyses may include dispersion modeling and/or photochemical modeling for deposition and visibility impacts analysis, control equipment determinations, and/or emission inventory development. These analyses may result in the imposition of additional project-specific air quality control measures.

**GREATER SAGE-GROUSE – NET CONSERVATION GAIN:** In Priority and General Habitat Management Areas (PHMA and GHMA) all actions that result in habitat loss and degradation will require mitigation that provides a net conservation gain to the Greater Sage-Grouse (GRSG). Mitigation must account for any uncertainty associated with the effectiveness of the mitigation and will be achieved through avoiding, minimizing and compensating for impacts. Mitigation will be conducted according to the mitigation framework found in Appendix F in the Utah Approved Management Plan Amendment.

**GREATER SAGE-GROUSE – BUFFER:** In Priority and General Habitat Management Areas (PHMA and GHMA), the BLM will apply the lek buffer-distances identified in the USGS Report Conservation Buffer Distance Estimates for Greater Sage-Grouse – A Review



(Open File Report 2014-1239) in accordance with Appendix B, Applying Lek-Buffer Distances, consistent with valid and existing rights and applicable law in authorizing management actions.



ATTACHMENT 3  
Gilsonite Lease  
Serial Number: UTU-72699

**STIPULATIONS:**

**SIGNAGE:** The lessee shall maintain a sign at the working site that lists the Federal lease number on the outside of any facility or building.

**CULTURAL RESOURCES:** If any cultural resources are encountered during the conduct of operations, the operator would be required to cease operation and immediately notify the Authorized Officer in the Vernal Field Office. Upon a field inspection of the resource encountered, measures will be determined to protect or mitigate the situation.

**WILDLIFE:**

Raptors: No construction activities such as erection of any headframe(s) or vacuum systems, collar fabrication, dozing of vegetation, pouring of any concrete pads and or raising any buildings will not be allowed within one-half mile of known raptor nests during the raptor nesting season.

Golden Eagles: For Golden eagles no construction will be allowed between February 1 to July 15 (based upon the current inventory this is applicable to Lot 1, Sec. 1 and SESE Sec.35).

Ferruginous Hawks: For Ferruginous hawks no construction will be allowed from March 1 to July 15 (based upon current inventory this is applicable on NW Sec. 34). Along the segment of the Gilsonite vein in the northwest quarter of Section 34, any roads and/or turnarounds shall be kept to the north of the vein.

**RECLAMATION:** The areas disturbed under the existing Gilsonite prospecting permit (UTU-72699) are not reclaimed to the satisfaction of the BLM, therefore, the reclamation liability for the disturbances will be made part of lease.

**HAZARDOUS SUBSTANCES:** If a hazardous substance release occurs, the Vernal Field Hazmat coordinator (435-781-4495) [w]) shall be notified immediately, and cleanup of the spill by the lessee shall be done as quickly as possible according to instructions given to the lessee.

**WASTE CERTIFICATION:** The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no **hazardous substances** per (40 CFR 302.4) or **used oil** as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-



to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.

**VEHICULAR TRAVEL:** There shall be no vehicular cross country travel allowed during muddy and wet periods, when such travel will produce a rut or track of greater than or equal to 4 inches in depth.

**GROUND WATER:** Should groundwater be encountered of greater than 5 gallons per hour in the subsurface during the mining of Gilsonite, the lessee shall contact the Vernal Field Office Mineral's group Geologist (435 781-4400) within 24 hours of the groundwater flow and report on the following.

- True vertical encountered depth

- Subsurface location at which it was encountered

- The approximate flow rate into the mine

- The association of ground water flow with any major geologic feature such as a fault or fracture.

Based upon this information, the AO will determine if the lessee will be required to monitor the effect of the flow into the mine on any nearby wildlife, or stock wells. If such wells are affected the AO may require the lessee to supply replacement water to the affected stock or wildlife ponds.

All groundwater flows shall be sampled and analyzed for major cations, anions, total dissolved solids, pH, and total suspended solids. Besides these analyses the lessee shall follow the rules and regulations of the State of Utah pertaining to the sampling parameters for pollutants and surface effluent discharges from the proposed Gilsonite mine (Utah Administrative Code, August 4, 1995, R317-1.2: General Requirements: R317-8.3: Application Requirements (for a UPDES Permit: R317-6.2: Ground Water Quality Standards). Results from these analyses and sampling parameters for pollutants as required by the State of Utah shall be provided to the Vernal Field Office Mineral's group Geologist (Vernal Field Office, 170 S., 500 E., Vernal, UT. 84078) within 30 working days of encountering the water.

**RECREATION:** Any exhaust or blowers shall be directed downward and to the east.

**CONFLICTS:** If another regulatory agency issues guidance or authority that conflict with these stipulations, the lessee shall notify the Authorized Officer (AO) immediately for resolution.

**STIPULATION WAIVER:** Any of these stipulations may be waived by the Authorized Officer (AO) if either the resource values change or the lessee/operator demonstrates to the satisfaction of the (AO) that adverse impacts can be mitigated.

**AIR QUALITY [UT-S-01, 2008, RMP]:**

All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower shall not emit more than 2 grams of NOx per horsepower-hour.



Exception: This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.

Modification: None

Waiver: None

AND

All new and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gram of NO<sub>x</sub> per horsepower-hour.

Exception: None

Modification: None

Waiver: None

**NO SURFACE OCCUPANCY – FRAGILE SOILS/SLOPES GREATER [UT-S-96]:**

No surface occupancy for slopes greater than 40 percent.

Exception: If after an environment analysis the Authorized Officer determines that it would cause undue or unnecessary degradation to pursue other placement alternatives; surface occupancy in the NSO area may be authorized. Additionally a plan shall be submitted by the operator and approved by BLM prior to construction and maintenance and include:

- ☐ An erosion control strategy;
- ☐ GIS modeling;
- ☐ Proper survey and design certified by an engineer.

Modification: Modifications also may be granted if a more detailed analysis, i.e. Order I, soil survey conducted by a qualified soil scientist finds that surface disturbance activities could occur on slopes greater than 40% while adequately protecting the area from accelerated erosion.

Waiver: None

**CONTROLLED SURFACE USE – FRAGILE SOILS/SLOPES (21%-40%) [UT-S-100]:**

If surface-disturbing activities cannot be avoided on slopes from 21-40% a plan will be required. The plan will approved by BLM prior to construction and maintenance and include:

- ☐ An erosion control strategy;
- ☐ GIS modeling;



☐ Proper survey and design certified by an engineer.

Exception: None

Modification: None

Waiver: None

**TIMING LIMITATION – GREATER SAGE-GROUSE BROOD REARING AND NESTING [UT-S-205]:** No surface-disturbing activities within 2 miles of active Greater Sage-Grouse leks found outside of Priority Habitat Management Areas (PHMA) within brood rearing and nesting habitat from March 1 - June 15.

Exception: None

Modification: None

Waiver: None

**CONTROLLED SURFACE USE – GREATER SAGE-GROUSE (NOISE REDUCTION) [UT-S-207]:** Within ½ mile of known active Greater Sage-Grouse leks found outside of Priority Habitat Management Areas (PHMA) use the best available technology such as installation of multi-cylinder pumps, hospital sound reducing mufflers, and placement of exhaust systems to reduce noise.

Exception: None

Modification: None

Waiver: None

**CONTROLLED SURFACE USE – GREATER SAGE-GROUSE (STRUCTURES) [UT-S-207]:** No permanent facilities or structures would be allowed within 2 miles Greater Sage-Grouse leks found outside of Priority Habitat Management Areas (PHMA) when possible.

Exception: None

Modification: None

Waiver: None

**TIMING LIMITATION – RAPTOR BUFFERS [UT-S-261]:** Raptor management will be guided by the use of "Best Management Practices for Raptors and Their Associated Habitats in Utah" (Utah BLM, 2006, Appendix A of Vernal Field Office Record of Decision and Approved



Resource Management Plan), utilizing seasonal and spatial buffers, as well as mitigation, to maintain and enhance raptor nesting and foraging habitat, while allowing other resource uses.

Exception: None

Modification: Criteria that would need to be met, prior to implementing modifications to the spatial and seasonal buffers in the "Raptor BMPs", would include the following:

1. Completion of a site-specific assessment by a wildlife biologist or other qualified individual. See example (Attachment 1 of the Raptor BMPs in Appendix A)
2. Written documentation by the BLM Field Office Wildlife Biologist, identifying the proposed modification and affirming that implementation of the proposed modification(s) would not affect nest success or the suitability of the site for future nesting. Modification of the "BMPs" would not be recommended if it is determined that adverse impacts to nesting raptors would occur or that the suitability of the site for future nesting would be compromised.
3. Development of a monitoring and mitigation strategy by a BLM biologist, or other raptor biologist. Impacts of authorized activities would be documented to determine if the modifications were implemented as described in the environmental documentation or Conditions of Approval, and were adequate to protect the nest site. Should adverse impacts be identified during monitoring of an activity, BLM would follow an appropriate course of action, which may include cessation or modification of activities that would avoid, minimize or mitigate the impact, or, with the approval of UDWR and the USFWS, BLM could allow the activity to continue while requiring monitoring to determine the full impact of the activity on the affected raptor nest. A monitoring report would be completed and forwarded to UDWR for incorporation into the Natural Heritage Program (NHP) raptor database.

Waiver: None

**RECLAMATION:** All disturbed areas shall be reclaimed. Reclamation shall be accomplished according to the Green River District Reclamation Guidelines found at, [http://www.blm.gov/style/medialib/blm/ut/vernal\\_fo/reclamation/grd\\_reclamation\\_guidelines.P ar.31207.File.dat/UTG000-2014-004\\_Attachments.pdf](http://www.blm.gov/style/medialib/blm/ut/vernal_fo/reclamation/grd_reclamation_guidelines.P ar.31207.File.dat/UTG000-2014-004_Attachments.pdf), or most recent version and to the satisfaction of the Authorized Officer. Reclamation plans submitted as part of 43 CFR 3592.1 that do not conform to these guidelines shall be modified at the time of reclamation to conform. Reclamation project tracking will be accomplished under the direction of the Authorized Officer. In March 2016 the following web site is used. This or most recent direction of the Authorized Officer shall be utilized. For this web site the BLM must be notified prior to accessing the web site for a password.

[https://my.usgs.gov/josso/signon/login.do?josso\\_back\\_to=https://my.usgs.gov/grdms/josso\\_security\\_check](https://my.usgs.gov/josso/signon/login.do?josso_back_to=https://my.usgs.gov/grdms/josso_security_check)

**SURFACE PILLAR:** The lessee shall be required to leave a surface pillar of sufficient size or to blast or fill the openings closed to insure future surface stability and allow for final reclamation of the area for safe use, as determined by the AO.



**ROYALTY VALUE OF UN-MINED GILSONITE:** The lessee shall be required to pay the value of the royalty due on any Gilsonite which would have been recovered under the approved mine plan which is otherwise lost or left economically inaccessible by mining practices, unless approval for leaving the Gilsonite has been granted in writing by the Authorized Officer.